

BUDGET SECTION SUMMARY

Section Title:

SONOMA VALLEY COUNTY SANITATION DISTRICT

A. Program Description

This budget finances operation, maintenance, and administration of a collection system, pumping stations, a treatment plant, and disposal facilities which serve the Sonoma Valley County Sanitation District (Sonoma Valley CSD). The District includes the City of Sonoma, as well as the communities of Boyes Hot Springs, Agua Caliente, El Verano and Glen Ellen. The Sonoma Developmental Center is outside the District, but is served by an agreement.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 05-06 Adopted	FY 06-07 Requested	Percent Change	FY 05-06 Adopted	FY 06-07 Requested	Percent Change
Operations	\$10,325,178	\$12,081,592	17.01%	\$1,967,841	\$1,804,031	(8.32%)
Construction	12,298,500	2,466,000	(79.95%)	11,548,500	(2,494,000)	(121.60%)
Outfall Line	10,637	10,598	(0.37%)	(39,257)	(39,296)	0.10%
Glen Ellen Bonds	7,302	6,802	(6.85%)	(10,823)	(11,368)	5.04%
1998 Rev Bonds	887,734	721,647	(18.71%)	(617,500)	(631,450)	2.26%
TOTAL:	\$23,529,351	\$15,286,639	(35.03%)	\$12,848,761	(\$1,372,083)	(110.68%)

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 04-05 Actual	FY 05-06 Budget Estimate	FY 05-06 Revised Estimate	FY 06-07 Projected	Change from FY 05-06 Budget Estimate
TOTAL ESDs	16,870	17,072	17,072	17,097	0.15%
TOTAL APNs	11,163	11,305	11,305	11,305	0.00%

E. Summary of Issues and Significant Changes

The requested rate per ESD for FY 06-07 annual service charges is \$549, representing a 6.0% increase from FY 05-06. Annual sewer service charge revenue collected on the tax roll (adjusted for the anticipated number of ESDs and an estimated delinquency factor) is projected to be higher than the FY 05-06 budget. This revenue change is due to the fact that the annual service charges were increased for FY 06-07.

The Sonoma Valley CSD provides sewage collection, treatment, and disposal service to the Sonoma Valley area. Wastewater is collected by gravity system and flows to the Sonoma Valley CSD's wastewater treatment plant for processing. Recycled water is used to irrigate local crops during the summer and is discharged to San Pablo Bay via Schell Slough during the winter. The Sonoma Valley CSD's treatment plant is permitted to treat an average daily dry weather flow of up to 3.0 million gallons per day to secondary wastewater treatment standards. Waste Discharge Requirements, Order No. R2-2002-0046 (NPDES Permit No. CA0037800), was issued on March 20, 2002 by the California Regional Water Quality Control Board, San Francisco Bay Region (SFBRWQCB) for Sonoma Valley CSD's treatment plant.

In the past, the Sonoma Valley treatment plant experienced numerous operational difficulties due to high wet weather inflows, worn out and obsolete equipment, and insufficient storage and disposal capacity in the reclamation system. Because of significant capital improvements and operational changes, the District has been essentially violation free for the past two years.

Most of the District's collection system is several decades old. A 1994 study of the collection system showed that approximately 10 of the 120 miles of Sonoma Valley CSD's pipeline needs to be repaired or replaced due to deterioration or insufficient capacity. The Sonoma Valley CSD completed a wet weather overflow prevention study, which was in response to a Notice of Violation issued by the SFBWQCB regarding sewer system overflows on April of 1999. The study identified areas within the Sonoma Valley CSD's collection system where repair and/or replacement projects are the most needed. A program to replace the District's collection system over a period of several decades is needed to ensure the reliability and safety of this infrastructure. It is estimated that this program could require on the order of \$2,000,000 per year to implement. The District is monitoring activities aimed at developing state and federal infrastructure replacement funding for systems such as Sonoma Valley CSD. Additionally, the District has been and will continue to increase rates over and above the rate of inflation to generate funds for replacing the collection system.

The requested rates should provide the funds necessary to operate and maintain the Sonoma Valley CSD's collection system, treatment plant, and reclamation system. As indicated above, the District has been increasing rates to generate funds needed for the replacement of aging infrastructure.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2006-07 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - OPERATIONS
Section/Index No: 653105

Sub-Object No. and Title	Adopted 2005-06	Requested 2006-07	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$7,251,337	\$9,010,803	\$1,759,466	24.26%
1061 Flat Charges - PY	100,000	100,000	0	0.00%
1120 Penalties / Costs on Taxes	21,000	21,000	0	0.00%
Subtotal Taxes	\$7,372,337	\$9,131,803	\$1,759,466	23.87%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$75,000	\$128,000	\$53,000	70.67%
Subtotal Use of Money	\$75,000	\$128,000	\$53,000	70.67%
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$800,000	\$684,000	(\$116,000)	(14.50%)
3403 Industrial Users Mon/Dischg	10,000	10,000	0	0.00%
3404 Septic Charges	100,000	100,000	0	0.00%
Subtotal Charges for Services	\$910,000	\$794,000	(\$116,000)	(12.75%)
<u>MISCELLANEOUS REVENUE</u>				
4099 Conservation Program	\$0	\$223,758	\$223,758	N/A
Subtotal Miscellaneous Revenue	\$0	\$223,758	\$223,758	N/A
TOTAL REVENUES	\$8,357,337	\$10,277,561	\$1,920,224	22.98%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$15,000	\$30,000	\$15,000	100.00%
6140 Maintenance - Equipment	0	250,000	250,000	N/A
6180 Maintenance - Bldgs / Impr	300,000	300,000	0	0.00%
6262 Lab Supplies	30,000	25,000	(5,000)	(16.67%)
6521 County Services	25,000	25,000	0	0.00%
6522 District Services	3,575,000	4,035,000	460,000	12.87%
6570 Consultant Services	160,750	50,000	(110,750)	(68.90%)
6573 Administration Costs	65,000	65,000	0	0.00%
6610 Legal Services	100,000	50,000	(50,000)	(50.00%)
6630 Audit / Accounting Services	41,300	27,618	(13,682)	(33.13%)
7201 Gas / Oil	6,500	0	(6,500)	(100.00%)
7212 Chemicals	300,000	325,000	25,000	8.33%
7217 State Permits / Fees	100,000	50,000	(50,000)	(50.00%)
7247 Water Conservation	40,000	273,758	233,758	584.40%
7250 Reimbursable Projects	20,000	20,000	0	0.00%
7320 Utilities	650,000	600,000	(50,000)	(7.69%)
Subtotal Services and Supplies	\$5,428,550	\$6,126,376	\$697,826	12.85%

Sub-Object No. and Title	Adopted 2005-06	Requested 2006-07	Difference	Percent Change
<u>OTHER CHARGES</u>				
7980 Depreciation	2,300,000	2,414,000	114,000	4.96%
8010 Contribution Non-Co Govt	149,000	144,625	(4,375)	(2.94%)
Subtotal Other Charges	\$2,449,000	\$2,558,625	\$109,625	4.48%
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$2,247,628	\$3,196,591	\$948,963	42.22%
Subtotal Other Financing Uses	\$2,247,628	\$3,196,591	\$948,963	42.22%
<u>APPROPRIATIONS FOR CONT</u>				
9000 Approp for Contingencies	\$200,000	\$200,000	\$0	0.00%
Subtotal Approp for Contingencies	\$200,000	\$200,000	\$0	0.00%
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9220 Contributed Capital	510,000	0	(510,000)	(100.00%)
9229 Contributed Capital-Clear	(510,000)	0	510,000	(100.00%)
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$10,325,178	\$12,081,592	\$1,756,414	17.01%
TOTAL NET COST (Expenditures Minus Revenues)	\$1,967,841	\$1,804,031	(\$163,810)	(8.32%)

FY 2006-07 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Operations

Character Title: Taxes

Character No.: 653105-10

1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 05-06 budget. The rate will increase 6.0%, from \$518 to \$549.

ESDs times annual rate:	17,097 x \$549	\$9,386,253
Less Estimated Delinquency Factor:	4%	<u>(375,450)</u>
		\$9,010,803

(See SubObject 3400 for Total ESDs)

1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 653105-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$3,200,000
Projected Interest Rate	<u>4.00%</u>
Projected Interest on Pooled Cash	\$128,000

Character Title: Charges for Services

Character No.: 653105-30

3400 Sanitation Services

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year. This figure is based on historical revenue.

3403 Industrial Users Monitoring/Discharge

This account records revenue associated with the Industrial Users Monitoring Program or revenue received from any industrial user for events such as an unauthorized (or specially authorized) discharge into the treatment plant. The budgeted amount is expected to offset monitoring expenses anticipated to be incurred primarily by the Agency's Environmental Compliance Inspector (see Sub-object 7250, Reimbursable Projects).

3404 Septic Disposal Fee

This account records the revenue to the district for septic haulers using the treatment plant facilities to dispose of septic waste.

Character Title: Miscellaneous Revenue

Character No.: 653105-40

4099 Conservation Program

This account records \$1,500 of each connection fee to support the water conservation program per Ordinance 59 dated 8/8/2002.

Character Title: Services and Supplies

Character No.: 653105-60

6040 Communications

This account records expenses paid by the District for outside communication and wireless services.

6140 Maintenance - Equipment

This account records the cost of materials for routine maintenance of equipment.

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required to maintain the collection system and treatment facilities.

6262 Lab Supplies

This account records the cost of lab supplies required for testing and monitoring wastewater.

6521 County Services

This item records the direct allocation of Auditor-Controller Fiscal Services staff costs for time expected to be spent on the District accounting, as well as the Recorder's office for the expense of agenda services for FY 06-07.

6522 District Services

This account records the cost of labor and overhead required for operation and maintenance of the District's facilities and equipment, as well as other related service and supply type items. The increase in the requested budget more accurately reflects actual expenses in this account.

6570 Consultant Services

This account records the costs of services provided by outside consultants.

6573 Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item covers the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required. For FY 06-07 it is anticipated that required legal service will be 50% less than last fiscal year.

6630 Audit / Accounting Services

This account represents the cost of accounting and audit services provided by an outside certified public accounting service.

7201 Gas/Oil

This item reflects the costs of gas and oil. No funds will be budgeted for FY 06-07.

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant in accordance with the District's NPDES permit (as required by the State Water Quality Control Board).

7217 State Permits / Fees

This account records the cost of obtaining the District's permits related to NPDES, as mandated by the Regional Water Quality Control Board.

Character Title: Services and Supplies (Continued) Character No.: 653105-60

7247 Water Conservation Program

This account reflects \$50,000 for the Economic Development Board for the Water Conservation Program, \$18,758 for the Toilet Rebate Program, \$50,00 for expenses for the water conservation program and \$155,000 to complete retrofit of Sonoma Developmental Center Facilities to reduce the amount of wastewater discharged to the Sonoma Valley Treatment Plant. In pervious fiscal years this was expended out of contributed capital account. In FY 06-07 revenue is being realized under Miscellaneous Revenue-Conservation Program.

7250 Reimbursable Projects

This account records any expenses that are expected to be covered by reimbursement. The budget request is based on projected expenses associated with the Environmental Compliance Inspector and the program for monitoring industrial users.

7320 Utilities

This account records the cost of payments made for utilities such as gas, electricity and water.

Character Title: Other Charges Character No.: 653105-75

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

8010 Contribution Non-Co Govt

This account represents funding with the Economic Development Board for Outreach effort (\$9,625) and allocation to the District from the North Bay Water Resuse Authority (\$135,000).

Character Title: Other Financing Uses Character No.: 653105-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Outfall Line Fund and the 1998 Revenue Bond Fund to cover principal and interest payments, as well as to the Construction Fund to finance the Capital Replacement Program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer to the Construction Fund will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Transfer to:

Outfall Line Fund	\$ 49,894
1998 Revenue Bond Fund	1,346,697
Construction Fund	<u>1,800,000</u>
Total Operating Transfer	\$ 3,196,591

Character Title: Appropriations for Contingencies Character No.: 653105-90

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

Character Title: Administrative Controls Character No.: 653105-92

9220 Contributed Capital

The Water Conservation Program is being funded by revenue received from connections fees see (sub-object 4099 for explanation).

9229 Contributed Capital - Clearing

This is the clearing account for sub-object 9220, Contributed Capital.

FY 2006-07 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sonoma Valley CSD - Operations
Index No.: 653105

DESCRIPTION OF FUND ACTIVITY	Actual FY 04-05	Estimated FY 05-06	Requested FY 06-07
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings Available for Budgeting (See Detailed Components Below)	\$3,187,110	\$4,025,570	\$3,484,796
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	8,421,580	8,628,794	10,277,561
Expenditures - (Decrease) retained earnings	(9,449,732)	(11,312,803)	(12,081,592)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(1,028,152)	(2,684,009)	(1,804,031)
Adjustments to Reserves/Encumbrances:			
7980 Depreciation	2,146,781	2,143,235	2,414,000
9200 Ent - Principal	-	-	-
Net Change in Encumbrance	(94,690)	-	-
Loss on Fixed Asset	26,706	-	-
Change in Water Conservation Reserve	(184,458)	-	-
Post Audit Adjustment-Expenditures	(27,727)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	1,866,612	2,143,235	2,414,000
Undesignated/Unreserved <u>ENDING</u> Retained Earnings Available for Budgeting	\$4,025,570	\$3,484,796	\$4,094,765
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$838,460	(\$540,774)	\$609,969
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/04</u>	<u>7/1/05</u>	
Cash	\$4,833,467	\$5,969,518	
Other Receivables-Flat Charges	435,450	492,267	
Accounts Payable	(123,165)	(198,425)	
Water Conservation Reserve	(1,816,355)	(2,000,813)	
Encumbrances (PO)	-	(1,562)	
Encumbrances (Contract)	(142,287)	(235,415)	
Total Beginning Retained Earnings	\$3,187,110	\$4,025,570	

FY 2006-07 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - CONSTRUCTION
Section/Index No: 653303

Sub-Object No. and Title	Adopted 2005-06	Requested 2006-07	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$50,000	\$160,000	\$110,000	220.00%
Subtotal Use of Money	\$50,000	\$160,000	\$110,000	220.00%

MISCELLANEOUS REVENUE

4303 State Grants	\$0	\$3,000,000	\$3,000,000	N/A
Subtotal Miscellaneous Revenue	0	3,000,000	3,000,000	N/A

ADMINISTRATIVE CONTROL ACCOUNT

4200 ENT - LTD Proceeds	\$5,576,000	\$0	(\$5,576,000)	(100.00%)
4209 ENT - LTD Proceeds - Clearing	(5,576,000)	0	5,576,000	(100.00%)
Subtotal Administrative Control	\$0	\$0	\$0	N/A

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$700,000	\$1,800,000	\$1,100,000	157.14%
Subtotal Other Financing Sources	\$700,000	\$1,800,000	\$1,100,000	157.14%

TOTAL REVENUES	\$750,000	\$4,960,000	\$4,210,000	561.33%
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EXPENDITURES:

FIXED ASSETS

8510 Building / Improvement	\$7,423,500	\$2,141,000	(\$5,282,500)	(71.16%)
9142 Capital Replacement Program	4,875,000	325,000	(4,550,000)	(93.33%)
9143 Corrective Work	0	0	0	N/A
Subtotal Fixed Assets	\$12,298,500	\$2,466,000	(\$9,832,500)	(79.95%)

TOTAL EXPENDITURES	\$12,298,500	\$2,466,000	(\$9,832,500)	(79.95%)
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TOTAL NET COST (Expenditures Minus Revenues)	\$11,548,500	(\$2,494,000)	(\$14,042,500)	(121.60%)
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FY 2006-07 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Construction

Character Title: Use of Money

Character No.: 653303-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$4,000,000
Projected Interest Rate	<u>4.00%</u>
Projected/Planned Interest on Pooled Cash	\$160,000

Character Title: Miscellaneous Revenue

Character No.: 653303-40

4303 State Grants

This account will record the receipts of proceeds from SGIP for the photovoltaic project.

Character Title: Administrative Control Account

Character No.: 653303-42

4200 ENT - LTD Proceeds

No loans will be required for FY 06-07.

4209 ENT - LTD Proceeds - Clearing

This is the clearing account for sub-object 4200.

Character Title: Other Financing Sources

Character No.: 653303-46

4625 OT - w/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to finance the Capital Replacement Program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character Title: Fixed Assets

Character No.: 653303-85

8510 Buildings / Improvements

This account can be used to provide capacity to new users pursuant to the County General Plan (using connection fee revenue), as well as for treatment plant and reclamation system improvement projects.

The following projects are planned for the forthcoming year:

Building/Improvements	PCAS No.	Amount
Bio-Solids Handling Facility	4051	\$ 353,000
Phase 1 of this project will upgrade the treatment plant's sludge equipment with a screw-press system. The current budget will fund a portion of the environmental compliance and design costs.		

8510 Buildings / Improvements (Continued)

Building/Improvements	PCAS No.	Amount
<u>Manzoni Pipeline</u> This project will install an underground recycled water pipeline to replace an existing inadequate above-ground hose connected to the reclamation system. The current budget item will fund construction and contract administration costs and a portion of the design cost.	4019	\$ 435,000
<u>Recycled Water Project</u> This project will construct an underground pipeline distribution system throughout portions of the southern Sonoma Valley to provide recycled water for agricultural and urban irrigation uses. The current budget item will fund costs associated with the EIR and CEQA compliance.	3761	123,000
<u>Tertiary Plant Upgrade</u> This project will construct a tertiary filter system at the treatment plant to produce Title 22 compliant disinfected tertiary recycled water. The current budget item will fund a portion of the contract administration costs.	3734	430,000
<u>Photovoltaic Project</u> The current budget will fund contract administration costs.	4094	50,000
<u>Underground Fuel Tank Replacement</u> This project will remove the existing diesel underground storage tank and replace it with a new above-ground tank.	TBD	450,000
<u>Miscellaneous Treatment Plant Upgrades</u> Miscellaneous treatment plant improvement include small improvements projects that can not be considered routine maintenance. They include, but not limited to, the operation building renovation, reclamation metering and flow control structure improvements	TBD	<u>300,000</u>
Subtotal for Buildings / Improvements (Sub-object 8510)		\$ 2,141,000

9142 Capital Replacement Program

The funding requested in this account is for repair and replacement of the sewer collection system. Long-term replacement of existing facilities that are worn out and in disrepair will help to bring the facilities up to current sanitation standards and will extend the life of the sanitation infrastructure.

<u>Main Sewer Trunk Repair (Broadway-TP)</u> This project will replace portions of the existing trunk main. The current budget item will fund contract administration for the portion of the main between Leveroni and East Watmaugh Road and design costs for the portion between East Watmaugh Road and the treatment plant.	3939	\$ <u>325,000</u>
Subtotal for Capital Replacement Program (Sub-object 9142)		\$ 325,000

9143 Corrective Work

For FY 06-07 there are no projects budgeted.

Grand Total - Character 85 \$ 2,466,000

FY 2006-07 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sonoma Valley CSD - Construction

Index No.: 653303

DESCRIPTION OF FUND ACTIVITY	Actual FY 04-05	Estimated FY 05-06	Requested FY 06-07
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$5,623,794	\$6,350,831	\$240,801
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	2,044,169	5,573,950	4,960,000
Expenditures - (Decrease) retained earnings	(2,914,349)	(17,259,980)	(2,466,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	<u>(870,180)</u>	<u>(11,686,030)</u>	<u>2,494,000</u>
Adjustments to Reserves/Encumbrances:			
4220 Contributed Capital	-	-	-
4200 Ent-LTD Proceeds	-	5,576,000	-
Capital Lease	-	-	-
Capitalized Interest	(366,211)	-	-
Change in Encumbrances	1,963,429	-	-
Prior Year Encumbrance	-	-	-
Net Adjustment - Increase/(Decrease) to Fund Balance	<u>1,597,218</u>	<u>5,576,000</u>	<u>-</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$6,350,831	\$240,801	\$2,734,801
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$727,037	(\$6,110,030)	\$2,494,000
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/04</u>	<u>7/1/05</u>	
Cash	\$8,116,938	\$6,552,754	
Other Receivables	465,418	283,194	
Due From Other Gov'ts	-	37,500	
Accounts Payable	(475,427)	(106,230)	
Contract Retention Payable	(103,319)	-	
Encumbrances (PO)	-	(26,320)	
Encumbrances (Contract)	(2,379,816)	(390,067)	
Total Beginning Retained Earnings	<u>\$5,623,794</u>	<u>\$6,350,831</u>	

FY 2006-07 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - OUTFALL LINE

Section/Index No: 653337

Sub-Object No. and Title	Adopted 2005-06	Requested 2006-07	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$0	\$0	\$0	N/A
Subtotal Use of Money	\$0	\$0	\$0	N/A

OTHER FINANCING SOURCES

4625 OT - W/in Special District - BOS	\$49,894	\$49,894	\$0	0.00%
Subtotal Other Financing Sources	\$49,894	\$49,894	\$0	0.00%

TOTAL REVENUES	\$49,894	\$49,894	\$0	0.00%
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EXPENDITURES:

OTHER CHARGES

7930 Interest - LT Debt	\$10,637	\$10,598	(\$39)	(0.37%)
Subtotal Other Charges	\$10,637	\$10,598	(\$39)	(0.37%)

ADMINISTRATIVE CONTROL ACCOUNT

9210 Advances	\$39,257	\$39,112	(\$145)	(0.37%)
9219 Advances - Clearing	(39,257)	(39,112)	145	(0.37%)
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$10,637	\$10,598	(\$39)	(0.37%)
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TOTAL NET COST (Expenditures Minus Revenues)	(\$39,257)	(\$39,296)	(\$39)	0.10%
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FY 2006-07 BUDGET **CHARACTER JUSTIFICATION**

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Outfall Line

Character Title: Use of Money

Character No.: 653337-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. No significant cash balance is maintained in this fund. Cash transfers are made from the Operations Fund to this fund only as necessary to make annual payments due on the long term loan from the State. Accordingly, we do not recommend budgeting any interest revenue during the forthcoming year.

Character Title: Other Financing Sources

Character No.: 653337-46

4625 OT - W/in Special Dist - BOS

The revenues supporting the payments on the long term loan from the State Revolving Fund are collected in the Operations Fund. This account reflects the transfer of cash from the Operations Fund to the Outfall Line Fund to cover the annual principal and interest payment.

Character Title: Other Charges

Character No.: 653337-75

7930 Interest on LT Debt

This account reflects the interest expense on the outstanding loan from the State Revolving Fund. Payments began on this loan in July 1995 and will continue annually until July 2014. The FY 06-07 request is based on the repayment schedule prepared by the State.

Character Title: Administrative Control Account

Character No.: 653337-92

9210 Advances

This account reflects the principal payments on a long term (20 year) loan issued to the District in 1994 from the State Revolving Fund. Payments on the loan will continue until July 2014. The FY 06-07 request is based on the repayment schedule prepared by the State.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$760,992
Total FY 95-96 through FY 04-05 Principal Payments:	(330,390)
FY 05-06 Principal Payment:	(38,084)
Outstanding Loan Amount	\$392,518

9219 Advances - Clearing

This is the clearing account for sub-object 9210, Advances.

FY 2006-07 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sonoma Valley CSD - Outfall Line
Index No.: 653337

DESCRIPTION OF FUND ACTIVITY	Actual FY 04-05	Estimated FY 05-06	Requested FY 06-07
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	(\$29,470)	(\$29,417)	(\$29,272)
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	49,764	49,894	49,894
Expenditures - (Decrease) retained earnings	(11,626)	(10,637)	(10,598)
Net Surplus or Deficit - Increase/(Dec) to retained earnings	38,138	39,257	39,296
Adjustments to Reserves/Encumbrances:			
9210 Advances	(37,082)	(38,084)	(39,112)
Change in Due to Other Governments	(1,003)	(1,028)	-
Interest overcharge correction	-	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(38,085)	(39,112)	(39,112)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	(\$29,417)	(\$29,272)	(\$29,088)
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$53	\$145	\$184
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/04</u>	<u>7/1/05</u>	
Cash	\$20,239	\$20,293	
Due to Other Governments	(37,082)	(38,084)	
Interest Payable	(12,627)	(11,626)	
Total Beginning Retained Earnings	(\$29,470)	(\$29,417)	

FY 2006-07 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY - GLEN ELLEN BONDS
Section/Index No: 653345

Sub-Object No. and Title	Adopted 2005-06	Requested 2006-07	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1000 Prop Taxes - CY Secured	\$17,500	\$17,500	\$0	0.00%
1020 Prop Taxes - CY Supplemental	150	150	0	0.00%
1040 Prop Taxes - CY Unsecured	400	400	0	0.00%
1060 Prop Taxes - PY Secured	0	0	0	N/A
Subtotal Taxes	\$18,050	\$18,050	\$0	0.00%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$75	\$120	\$45	60.00%
Subtotal Use of Money	\$75	\$120	\$45	60.00%
<u>INTERGOVERNMENTAL REVENUES</u>				
2440 St - HOPTR	\$0	\$0	\$0	N/A
Subtotal Intergovernmental Revenues	\$0	\$0	\$0	N/A
TOTAL REVENUES	\$18,125	\$18,170	\$45	0.25%
EXPENDITURES:				
<u>SERVICES AND SUPPLIES</u>				
6635 Fiscal Agent Fees	\$52	\$52	\$0	0.00%
Subtotal Services and Supplies	\$52	\$52	\$0	0.00%
<u>OTHER CHARGES</u>				
7920 Interest	\$7,250	\$6,750	(\$500)	(6.90%)
Subtotal Other Charges	\$7,250	\$6,750	(\$500)	(6.90%)
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$10,000	\$11,000	\$1,000	10.00%
9209 Ent - Principal Clearing	(10,000)	(11,000)	(1,000)	10.00%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$7,302	\$6,802	(\$500)	(6.85%)
TOTAL NET COST (Expenditures Minus Revenues)	(\$10,823)	(\$11,368)	(\$545)	5.04%

FY 2006-07 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley - Glen Ellen Bonds

Character Title: Taxes

Character No.: 653345-10

1000 Prop Taxes - CY Secured

The Auditor-Controller establishes a tax rate sufficient to accumulate tax revenues necessary to make bond payments of interest and principal. The bonds were passed to fund construction of sewage facilities.

1020 Prop Taxes - CY Supplemental

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

1040 Prop Taxes - CY Unsecured

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

1060 Prop Taxes - PY Secured

No amount is requested since no revenue has been received in this account in recent years.

Note:

The FY 06-07 bond payment amount (principal and interest) is \$17,750. To avoid major fluctuations in the tax rate from year to year, the tax amount budgeted and/or collected each year may not correspond exactly to the annual bond payment (P&I). Over or under collection in any single year (when compared to the bond payment for that year) merely increases or decreases the fund balance retained for this index. The Auditor's long term tax rate calculations are designed to ensure that debt service obligations are met, while retaining an appropriate level of fund balance, and minimizing unnecessary tax rate fluctuations.

Character Title: Use of Money

Character No.: 653345-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for this Bond Fund by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$3,000
Projected Interest Rate	4.00%
Projected/Planned Interest on Pooled Cash	\$120

Character Title: Intergovernmental Revenue

Character No.: 653345-20

2440 ST - HOPTR

This account records the receipt of State Home Owner's Property Tax Relief as allocated by the Auditor's Office. The claim is filed with the State based on the number of home owner's exemptions filed with the County. There is no planned revenue for FY 06-07

Character: Services and Supplies

Character No.: 653345-60

6635 Fiscal Agent Fees

This account records the fee collected by the County Treasurer for acting as the fiscal agent.

Character: Other Charges

Character No.: 653345-75

7920 Interest

This account reflects the interest expense on the outstanding general obligation bonds. The interest rate is 5%. Payments began January 1, 1977 and will continue semi-annually until July 1, 2016. The FY 06-07 request is based on the bond amortization schedule prepared at the time the bonds were sold.

Character: Administrative Controls

Character No.: 653345-92

9200 Ent - Principal

This account reflects the principal expense for general obligation bonds that were issued in 1976 to finance the local share of a wastewater collection system. Payments on the bonds will continue until September 1, 2016. FY 06-07 request is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original Amount of the General Obligation Bond Issue:	\$300,000
Total FY 77-78 through FY 04-05 Principal Payments:	(155,000)
FY 05-06 Principal Payment:	(10,000)
Outstanding Bond Amount	<u>\$135,000</u>

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2006-07 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sonoma Valley - Glen Ellen Bonds
Section: 653345

DESCRIPTION OF FUND ACTIVITY	Actual FY 04-05	Estimated FY 05-06	Requested FY 06-07
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$3,786	\$4,114	\$4,117
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	18,128	18,305	18,170
Expenditures - (Decrease) retained earnings	(7,800)	(7,302)	(6,802)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	10,328	11,003	11,368
Adjustments to Reserves/Encumbrances:			
9200 - Enterprise Principal	(9,000)	(10,000)	(11,000)
Increase in Mature Bond Payable	(1,000)	(1,000)	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(10,000)	(11,000)	(11,000)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$4,114	\$4,117	\$4,485
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$328	\$3	\$368

<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/04</u>	<u>7/1/05</u>
Cash	\$3,786	\$4,114
Total Beginning Fund Balance	\$3,786	\$4,114

FY 2006-07 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - 1998 REVENUE BONDS

Section/Index No: 653352

Sub-Object No. and Title	Adopted 2005-06	Requested 2006-07	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest Income	\$7,500	\$6,400	(\$1,100)	(14.67%)
1701 Interest Earned	0	0	0	N/A
Subtotal Use of Money	\$7,500	\$6,400	(\$1,100)	(14.67%)
<u>ADMINISTRATIVE CONTROL</u>				
4200 Ent-LTD Proceeds	\$0	\$0	\$0	N/A
4209 Ent-LTD Proceeds - Clearing	0	0	0	N/A
Subtotal Use of Money	\$0	\$0	\$0	N/A
<u>Other Financing Sources</u>				
4625 OT - W/in Special Dist - BOS	\$1,497,734	\$1,346,697	(\$151,037)	(10.08%)
Subtotal Other Financing Sources	\$1,497,734	\$1,346,697	(\$151,037)	(10.08%)
TOTAL REVENUES	\$1,505,234	\$1,353,097	(\$152,137)	(10.11%)
EXPENDITURES:				
<u>SERVICES AND SUPPLIES</u>				
6635 Fiscal Agent Fees	\$2,096	\$5,100	\$3,004	143.32%
6640 Debt Issuance Costs	14,636	18,961	4,325	29.55%
Subtotal Services and Supplies	\$16,732	\$24,061	\$7,329	43.80%
<u>OTHER CHARGES</u>				
7920 Interest	\$854,288	\$686,669	(\$167,619)	(19.62%)
7923 Discount/Bonds	16,714	10,917	(5,797)	(34.68%)
Subtotal Other Charges	\$871,002	\$697,586	(\$173,416)	(19.91%)
<u>OTHER FINANCING USES</u>				
8625 OT - Within a Fund	\$0	\$0	\$0	N/A
Subtotal Other Financing Uses	\$0	\$0	\$0	N/A
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$610,000	\$625,000	\$15,000	2.46%
9209 Ent - Principal Clearing	(610,000)	(625,000)	(15,000)	2.46%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$887,734	\$721,647	(\$166,087)	(18.71%)
TOTAL NET COST (Expenditures Minus Revenues)	(\$617,500)	(\$631,450)	(\$13,950)	2.26%

FY 2006-07 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - 1998 Revenue Bonds

Character Title: Use of Money

Character No.: 653352-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$160,000
Projected Interest Rate	4.00%
Projected/Planned Interest on Pooled Cash	\$6,400

1701 Interest Earned

Proceeds from the 1998 Revenue Bonds are held by US Bank acting as trustee. Interest earnings on the proceeds are retained by the trustee and a corresponding adjustment is made at year end closing to recognize the earnings within this account. There is no projected interest for FY 06-07.

Character Title: Other Financing Sources

Character No.: 653352-46

4625 OT - W/in Special Dist - BOS

The revenues supporting this new revenue bond will be collected in the Operations Fund. This account will be used to reflect the transfer of cash from the Operations Fund to this Revenue Bond Fund to cover the annual principal and interest payment.

Character Title: Services and Supplies

Character No.: 653352-60

6635 Fiscal Agent Fees

This account records the annual administrative fees from the trustee for the 1998 Revenue Bonds.

6640 Debt Issuance Costs

This account records the costs associated with the issuance of the 1998 Revenue Bonds. This is an annual expense that will be recognized throughout the life of the bonds. Although this is a non-cash transaction, appropriations are required to record the expense.

Character Title: Other Charges

Character No.: 653352-75

7920 Interest

This account reflects the interest expense on the non-refunded portion of Sonoma Valley 1998 Revenue Bonds at 4.75% and 2005 refunding is serial bonds with interest rates ranging from 4.6% to 5.0%

7923 Discount/Bonds

This account records the discount realized upon the issuance of the bonds. This will be an annual expense throughout the life of the bonds. Although this is a non-cash transaction, appropriations are required to record the expense.

Character Title: Other Financing Uses

Character No.: 653352-86

8625 OT - Within Sp Dist - BOS

This account reflects the transfer of funds to the Construction Fund to finance Capital Replacement Projects.

Character Title: Administrative Control Account

Character No.: 653352-92

9200 Ent - Principal

This account reflects the principal expense for revenue bonds issued in early FY 98-99 and partial refunding in FY 05-06 to finance the Sonoma Valley CSD's planned capital program. Payments began in 1999 and will continue as interest only from February 2006 until 2019 when principle payment will resume and continue to maturity in 2023.

Original 1998 Bond Issue	\$21,410,000
Payments Through FY 04-05	(3,245,000)
Payment FY 05-06	(610,000)
Outstanding Balance	<u>17,555,000</u>
2005 Portion Refunded	(11,095,000)
Outstanding Balance	<u>\$6,460,000</u>
2005 Refunding Issue	\$10,240,000

Principal payments begin October 2006 and will continue until maturity in October 2018.

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2006-07 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sonoma Valley CSD - 1998 Revenue Bonds
Index No.: 653352

DESCRIPTION OF FUND ACTIVITY	Actual FY 04-05	Estimated FY 05-06	Requested FY 06-07
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$116,037	\$226,153	\$244,799
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	1,491,670	1,505,730	1,353,097
Expenditures - (Decrease) retained earnings	(902,142)	(893,433)	(721,647)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	<u>589,528</u>	<u>612,297</u>	<u>631,450</u>
Adjustments to Reserves/Encumbrances:			
Amortized Expenses	31,349	31,349	31,350
9200 Enterprise - Principal	(600,000)	(610,000)	(625,000)
Post Audit - Revenue	99,237	(15,000)	
Change in Matured Bonds Payable	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Net Adjustment - Increase/(Decrease) to Retained Earnings	<u>(479,414)</u>	<u>(593,651)</u>	<u>(593,650)</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$226,151	\$244,799	\$282,599
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$110,114	\$18,646	\$37,800
<u>Fund Balance Components at Beginning of FY</u>	<u>7/1/04</u>	<u>7/1/05</u>	
Cash	\$1,025,419	\$1,134,634	
Cash with Trustee	1,558,375	1,559,276	
Cash with Trustee Res for Debt Service	(1,496,593)	(1,496,593)	
Matured Principal Payable	(600,000)	(610,000)	
Interest Payable	(371,164)	(361,164)	
Total Beginning Fund Balance	<u>\$116,037</u>	<u>\$226,153</u>	